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**CONSUMERS
DISTRIBUTING
COMPANY
LIMITED**

**SEMI-ANNUAL
REPORT TO
SHAREHOLDERS**

for the six months ended February 28, 1969

PRESIDENT'S REPORT TO OUR SHAREHOLDERS

I am pleased to report that both sales and income reached record levels in the six months ended February 28, 1969.

Consolidated sales increased 50 per cent to \$9,443,100 from \$6,309,800 in the same period the previous fiscal year. Consolidated earnings increased 75 per cent to \$641,200 compared to \$367,600. On a per share basis earnings in the period under review reached 95 cents compared to 54 cents in 1968, based on 675,000 shares outstanding.

This substantial growth in sales and profits is due to continued growing acceptance of Consumers' merchandising concepts.

At present your Company operates 12 showrooms. Two new outlets were opened in Toronto in March and we are negotiating for the opening of additional showrooms this fall.

Our proven methods of operation ensure that the contribution of these new showrooms will immediately be reflected in sales and profits.

At this time I would like to take the opportunity to welcome shareowners and thank them for their confidence. It is our intention to keep you fully informed of all important developments concerning our Company, as they occur.

JACK STUPP
President

CONSUMERS DISTRIBUTING COMPANY LIMITED
CONSOLIDATED STATEMENT OF EARNINGS
for the six months ended February 28, 1969
(unaudited)

	1969	1968
SALES	\$9,443,100	\$6,309,800
COST OF SALES	<u>7,082,300</u>	<u>4,732,700</u>
GROSS PROFIT	<u>2,360,800</u>	<u>1,577,100</u>
OPERATING EXPENSES		
Selling, warehouse and administrative	1,073,900	833,100
Depreciation and amortization	<u>21,500</u>	<u>16,800</u>
	1,095,400	849,900
Franchise Income	<u>17,100</u>	<u>8,100</u>
	<u>1,078,300</u>	<u>841,800</u>
NET EARNINGS BEFORE INCOME TAXES	1,282,500	735,300
Income Taxes	<u>641,300</u>	<u>367,700</u>
NET EARNINGS FOR THE SIX MONTHS	<u><u>641,200</u></u>	<u><u>367,600</u></u>

STATEMENT OF SOURCE
AND APPLICATION OF FUNDS (Note)
for the six months ended February 28, 1969
(unaudited)

SOURCE OF FUNDS

OPERATIONS

Net earnings \$ 641,200

Depreciation and amortization: Non-cash charges to earnings

21,500

662,700

Proceeds from stock issue \$1,112,700

450,000

APPLICATION OF FUNDS

Repayment of note 100,000

Payment of promissory note 163,000

Purchase of fixed assets 73,542

Payment of financing expenses 385,042

48,500

Increase in working capital 727,658

Working capital, August 31, 1968 884,180

Working capital,

February 28, 1969 \$1,611,838

NOTE: As the company's corporate structure for the comparative period ended February 28, 1969, was significantly different, no comparative statement of source and application of funds was prepared.

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CONSUMERS DISTRIBUTING COMPANY LIMITED

**320 Kipling Avenue South
Toronto 18, Ontario**

BRANCH SHOWROOMS

TORONTO

**1200 Castlefield Avenue
320 Kipling Avenue
1536 Midland Avenue
660 Eglinton Avenue East
301 Danforth Road
5825 Yonge Street**

HAMILTON

70 Sanford Avenue N.

LONDON

**352 Talbot Street
476 Clark Road**

KITCHENER

1253 King Street E.

KINGSTON

71 Princess Street

ST. CATHARINE'S

43 James Street

SUDBURY

1549 Fairburn Street